

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Special Meeting Minutes**  
**June 8, 2021**

---

The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA”) held on Tuesday, June 8, 2021 via teleconference in compliance with New York State Executive Order 202.107. The meeting was called to order at 1:11 PM.

**Board Members Present**

Interim Vice-Chair Jeanette T. Jurasek  
Secretary Frederick G. Floss  
Director Andrew A SanFilippo  
Mayor Byron W. Brown (proxy Estrich)  
County Executive Mark C. Poloncarz (proxy Swanekamp)

**Board Member(s) Excused**

Chair R. Nils Olsen, Jr.

**Staff Present**

Executive Director Jeanette M. Robe  
Principal Analyst/Media Liaison Bryce E. Link  
Senior Analyst II/Manager of Technology Nathan D. Miller  
Administrative Assistant Nikita M. Fortune  
Comptroller Claire E. Waldron

**Additionally Present**

Ms. Sharon Belton-Cottman, President, Buffalo Board of Education  
Ms. Paulette Woods, Finance Chair, Buffalo Board of Education  
Mr. James L. Magavern, Esq., Magavern Magavern & Grimm LLP  
Dr. Kriner Cash, Superintendent, Buffalo City School District  
Mr. Geoffrey Pritchard, Chief Financial Officer, Buffalo City School District  
Mr. Nathaniel J. Kuzma, General Counsel, Buffalo City School District

**Opening Remarks**

Secretary Floss served as Chair Pro Tempore and welcomed everyone to the meeting. He thanked everyone for attending and reviewed the agenda. The meeting was called for the sole purpose to discuss financial matters involving the Buffalo City School District (“BCSD”).

**Roll Call of Directors**

Chair Pro Tem Floss called the roll of the members noting the excused absence of Chair Olsen. Finding a quorum present, the meeting commenced.

City of Buffalo Commissioner of Administration, Finance Policy and Urban Affairs, Ms. Donna Estrich, represented Mayor Byron W. Brown in accordance with Subdivision 1 of §3853 of the BFSA Act.

Erie County Deputy Budget Director, Benjamin Swanekamp represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSa Act reads: "...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the signal designee...."

### **BCSD 2021-22 Adopted Budget and 2022-2025 Financial Plan**

Chair Pro Tem Floss advanced the agenda to review the BCSD's Adopted Budget and 2022-2025 Financial Plan. Senior Analyst II Nathan D. Miller was asked to present the staff analysis to the Board.

Mr. Miller provided the following overview of the budget and financial plan noting the Adopted Budget and Financial Plan analysis was provided at the BFSa May 19, 2021 board meeting. The changes between the draft and adopted budgets will be addressed at this meeting.

- The 2021-22 Draft Budget and 2022-2025 Financial Plan was submitted to the BFSa on April 30, 2021
- The Financial Plan was approved on April 21, 2021
  - Deficit of \$29.0 M budgeted for FY 2021-22
  - Each out-year forecasts a surplus
- The Adopted Budget was approved on May 19, 2021
  - Includes a \$29.0 M fund balance appropriation due to a timing difference between the incurrence of transportation expenditures and related transportation aid
    - Lower transportation expenditures in FY 2020-21 reduce Transportation Aid in FY 2021-22 by an estimated \$24.4 M as of June 30, 2021
- New York State's finances have been deeply impacted by the COVID-19 Pandemic and the resulting Coronavirus Recession
  - The NYS Division of the Budget estimated that the pandemic recession decreased NYS revenues in excess of \$10.0B
  - The U.S. Congress passed legislation to address the pandemic and/or to aid the economic recovery
    - The CARES ("Coronavirus Aid Relief and Economic Security") Act (3/20) created a \$30.75B Education Stabilization Fund which provided \$13.5B for the ESSER ("Elementary and Secondary School Emergency Relief") fund
      - District received \$29.0M in Federal Restoration Aid which offset the New York State pandemic adjustment
    - The CRRSA ("Coronavirus Response Relief Supplemental Appropriation") Act (12/20) totaled \$1.4T
      - District will receive \$88.6 M in ESSER II funding
    - The ARP ("American Rescue Plan") (3/21) totaled \$1.9T
      - District will receive \$201.0M in ESSER III funding
- The NYS 2021-22 Enacted Budget and the related four-year financial plan provides the District with substantial Foundation Aid increases
  - The year-to-year increase in Foundation Aid is \$67.5M, or 8.0%, with Foundation Aid totaling \$747.2M within the Enacted Budget

- NYS has committed to eliminating the Pandemic Adjustment going forward; this adjustment reduced NYS Aid by \$29.6M in FY 2020-21 but was supplanted with federal aid
- NYS passed legislation expected to fully fund Foundation Aid by FY 2023-24; this provides an approximate 4.5% increase annually for FY 2022-23 and FY 2023-24
- In total, the Financial Plan includes \$122.7M of incremental Foundation Aid to the District
- In addition to New York State Aid, the District has been awarded unprecedented levels of federal aid to address a multitude of pandemic-related issues
  - The District's spending plan is required to be completed by July 1, 2021
    - Public input is currently being solicited via community stakeholder meetings and other means of public feedback
  - The total amount of federal stimulus dollars being addressed within the plan is approximately \$289.6M

The FY 2021-22 General Fund revenues have not been adjusted and reflect the most up-to-date projections. The FY 2021-22 General Fund expenditure categories have been adjusted but in total the budget was unchanged.

The FY 2021-22 budgeted staffing has not changed at 4,916 FTEs overall but includes minor adjustments in specific employee groups based on the final school-based budgets. Certain employee compensation areas appear to be somewhat overstated given current employee contractual terms. If individual expenditure lines are projecting to be less than budgeted, budgetary transfers including those directed by the Superintendent for the purposes of school equity will be performed.

The Draft Budget included some level of estimated expenditures. The changes between the Draft Budget and the Adopted Budget reflect the finalized school-based budgets.

The Adopted Budget includes \$1.4 million in additional Employee Compensation as compared to the Draft Budget. A schedule depicting the changes within specific employee compensation expenditure lines as well as the changes within the staffing plan was discussed.

#### *Unsettled Labor Contracts*

The District is currently out-of-contract or will be out-of-contract by June 30, 2022 (barring a new settlement or new settlements) with all collective bargaining units including the eight units funded through the General Fund. There are 4,916 full-time employees on a General Fund basis and 5,653 FTEs on an All Funds basis.

A tentative labor agreement with BEST has been proposed.

The District calculated a labor agreement settlement estimate for the costs to settle all outstanding labor contracts. The District estimates that the annual increase will be \$9.9 million for salary and wage increases of 2.5% plus increases to fringe benefits including payroll taxes and pension. The impact was estimated at \$11.2 million on an All Funds basis.

- The FY 2021-22 Adopted Budget and Financial Plan does not accrue compensation or benefit increases associated with settling expired labor agreements
  - The District has estimated the incremental cost to settle all labor contracts at \$9.9M annually
  - The Financial Plan includes a total of \$9.0M of Assigned fund balance for this purpose
  - The set-aside would be insufficient to settle the cumulative \$39.6M estimated to settle all outstanding labor agreements

#### *Fund Balance Status*

The District's fund balance has grown substantially over the last several years. The Gap Closing Plan was initiated in the FY 2018-21 Financial Plan; total fund balance grew from \$182.6 million at June 30, 2017 to \$266.0 million at June 30, 2020. Fund balance is anticipated to increase by \$19.1 million in the CFY.

- Total fund balance is projected at \$285.1M at June 30, 2021
- Total fund balance is projected at \$256.1M at June 30, 2022-2025 with the use of \$29.0M to settle labor contracts

Combined Grant Funds were listed as Special Projects Funds in the May 19, 2021 submission. The Special Projects Fund includes grants from a variety of sources, though most are from either the Federal government or the NYS government. The Special Projects Fund Adopted Budget totals \$103.5 million. The District has determined that the CRRSA-ESSER II and the ARP ESSER III funding will be accounted for within two yet-to-be created budgets, separate from the Special Projects Fund.

Chair Pro Tem Floss thanked Mr. Miller for his presentation and asked BFSA Executive Director Ms. Robe to summarize the Directors' questions regarding the District's original budget submission. Ms. Robe separated the questions into the following categories:

- School reopening plan and related costs
- Projections for programs above and beyond what is currently provided to address the achievement gap that has widened during the pandemic
- Planned use of federal aid provided to the District pursuant to the federal aid stimulus package
- Status of labor contracts

Chair Pro Tem Floss asked someone from the District to respond. Board of Education President Ms. Sharon Belton-Cottman stated her concern regarding the Directors' questions relative to academics as opposed to questions based solely on finances. Chair Pro Tem Floss replied the BFSA is attempting to fulfill its mission of performing a timely and thorough review of the District's financial issues and future planning. The insight gives Directors a better understanding to make recommendations while acknowledging the increased changes in both federal and state rules and regulations. The hope is the early discussions make it easier to collaborate with the City, County and higher education institutions for the best use of funding. Ms. Belton-Cottman thanked Chair Pro Tem Floss for clarifying the BFSA's intention and stated several community outreach sessions have been held and will continue to increase parental engagement. Ms.

Belton-Cottman then deferred to BCSD Superintendent Cash and BCSD Chief Executive Officer Geoff Pritchard for the District's response to the categories outlined by Ms. Robe.

Superintendent Cash gave his opening remarks and began addressing the concerns as follows:

- School reopening and related costs: The four-phase reopening began February 1, 2021 for optional hybrid learning with the assistance of a Health Advisory Council. Five key strategic investments are/will be addressed:
  - Technology – broadband, digital resources, IT security
  - Instructional materials – improve access, equity, opportunity and quality for science, languages, high school courses
  - Improve rigor of Pre-K to 12 curriculum and coursework
  - Student support services – mental health, trauma
  - Strategic staffing to build out the capacity of the administrative staff, talent support, recruitment and retention of teachers
- Projections for programs and planned use of federal funds: Requests received from the community have included prenatal health, early parenting, more emphasis on early learning, strengthen community partnerships, parental engagement, improve middle school STEM engagement, improve collaboration with higher education institutions, and improve career pathways after high school in addition to capital and athletic improvements.

Chair Pro Tem Floss asked how the BFSA can assist the District with executing the five strategic investments outlined and what the financial priorities were. Interim Vice Chair Jurasek asked how the investments will be sustained after additional federal monies have been exhausted in 2.5 years. Superintendent Cash stated the District is currently working to present a plan by July 1, 2021. A five-year plan is also being developed to sustain the new programs both financially and community-wide to ensure noneducational issues are addressed so students are able to come to school ready and able to learn.

Ms. Belton-Cottman stated the Board of Education currently works with the Council of Great City Schools which is student outcome focused; therefore, multiple goals will be set up to monitor student outcome by the Board.

Director SanFilippo commended the Board of Education and Superintendent Cash for addressing environmental factors, trauma and mental health, which effect student learning as opposed to focusing solely on test scores.

Erie County Executive Poloncarz, as represented by Deputy Budget Director Benjamin Swanekamp, stated the County was happy to work with the District regarding virtual learning centers and looks forward to the District benefiting from the increased availability of broadband throughout the county.

Board of Education Finance Chair Ms. Paulette Woods stated the federal monies received provide a wonderful opportunity to redesign education in the District and is a great benefit to the community at large.

Superintendent Cash stated the District is planning to cover the cost of the proposed initiatives with the increased federal funding and questioned how the interest on the increased funds received can be shared proportionately with the City of Buffalo (“City”) since the funds are held in a joint account. Ms. Robe replied the City Comptroller stated during a prior meeting their office was drafting a memo to share with the District regarding the interest issue; however, nothing has been shared with the BFSA at this time. Chair Pro Temp Floss stated the BFSA is willing to facilitate discussions between the City Comptroller and District on said matter.

Ms. Belton-Cottman asked that a conversation be facilitated so the City does not continue to borrow funds from the District going forward and ultimately separate their accounts with the major influx of federal funding. Director SanFilippo provided a historical prospective on why the accounts were combined due to the timing of the District’s and City’s cash flow. A discussion continued regarding the comingled accounts.

Interim-Vice Chair Jurasek asked when the District will provide a complete plan for the use of rescue funds. Superintendent Cash replied a preliminary draft will be complete by the second week of July. Chair Pro Tem Floss asked that the financial priorities list be sent to Ms. Robe once compiled.

### **Adjournment**

Hearing no additional comments, a motion to adjourn was made by Director SanFilippo and seconded by Mr. Swanekamp. The meeting was adjourned at 2:43PM.